The date of this Preliminary Prospectus is October 30, 1970

No Securities Commission or Similar Authority in Canada has in any way passed upon the merits of the securities offered hereunder, and any representation to the contrary is an offence.

NEW ISSUE:

File

MiniDyne international ltd.

(Incorporated under the laws of Ontario)

200,000 shares without par value
and
Warrants to purchase up to 40,000 shares without par value

	Price to Public	Commissions Payable	Proceeds to Company
Per Share	$ 2.50	$ .25	$ 2.25
Total	$500,000.00	$50,000.00	$450,000.00 (1)
Share Purchase Warrants (2)	—	—	$100,040.00 (3)

(1) Before deducting expenses of the offering payable by the Company estimated at $20,000.00.

(2) Each warrant entitles the holder thereof to purchase one share without par value at the price of $2.50 on or before October 31, 1975. A maximum of 40,000 warrants will be offered, being warrants to be held by Malone Lynch Securities Limited following the offering hereunder. Reference is made to the heading "Plan of Distribution".

(3) Based upon the assumption that all the said 40,000 warrants remain outstanding and are exercised. These proceeds are made up of $2.50 per share being the exercise price together with one-tenth of one cent per warrant, being the price at which the warrants were issued.

THESE ARE SPECULATIVE SECURITIES

There is no market for the shares of the Company and the price for this offering was determined between the Company and Malone Lynch Securities Limited.

Reference is made to the heading "Business of the Company". Prior to the sale of any of the shares offered hereunder, 320,005 shares were issued for a total consideration of $12,595.00 resulting in a book value of 4 cents per share. If the 200,000 shares offered hereunder are sold, the book value of the then issued shares would be 89 cents per share. Purchasers of the shares offered hereunder will accordingly suffer an immediate dilution of the book value of their shares.

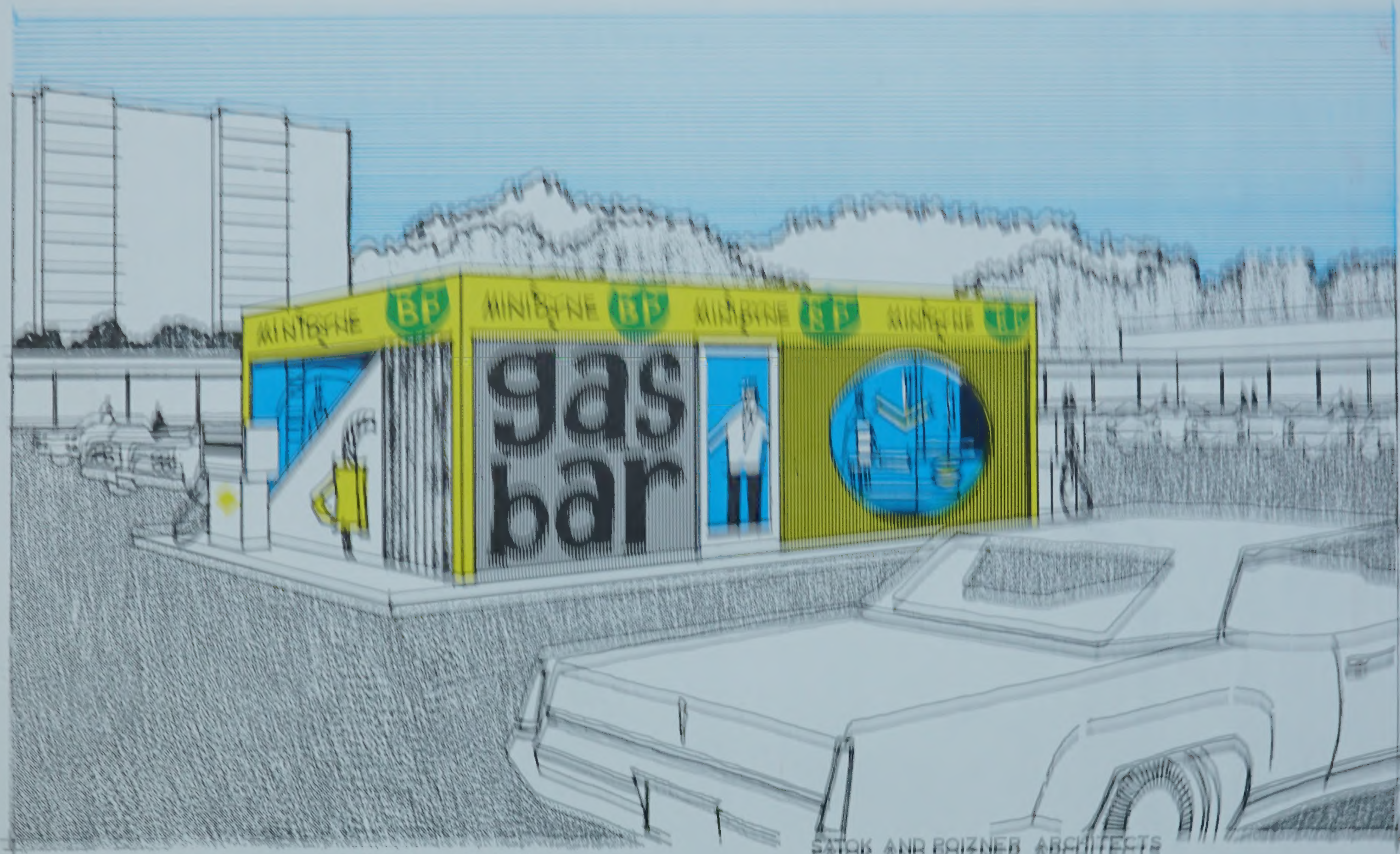
There is no assurance that any or all of the above shares will be sold. All purchase monies will be deposited in an account with National Trust Company Limited and if at least 120,000 shares are not subscribed for within 60 days from the commencement of primary distribution, all monies will be returned to the subscribers.

We, as agents, offer these shares and warrants, subject to prior sale, if, as and when issued by the Company and subject to the approval of all legal matters by Messrs. Manley, Grant, Armstrong & Camisso on behalf of the Company and by Messrs. Holden, Murdoch, Walton, Finlay, Robinson, on our behalf.

Subscriptions will be received subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice.

MALONE LYNCH SECURITIES LIMITED
7 KING STREET EAST
TORONTO 210

This is a preliminary prospectus relating to these securities, a copy of which has been filed with the Ontario Securities Commission but which has not yet become final for the purpose of a primary distribution to the public. Information contained herein is subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time a receipt is obtained from the Ontario Securities Commission for the final prospectus.



Architectural sketch of a proposed Minidyne "Gasbar"

TABLE OF CONTENTS

MINIDYNE INTERNATIONAL LIMITED

THE COMPANY

Minidyne International Limited ("the Company") was incorporated under The Corporations Act (Ontario) by Letters Patent dated July 16, 1970. The Head Office and principal place of business of the Company is located at 81 Grenville Street, Toronto, Ontario.

The Retail Gasoline Industry

A study of trends in the service station business indicates that in the next decade it is expected that —

(a) Licenced Drivers will increase by 28%
(b) Gasoline gallonage will increase by 47%
(c) The number of service stations will increase by only 4%.

The major gasoline companies are finding it increasingly difficult and expensive to purchase land, construct stations and operate profitably in urban areas. In addition many of the existing neighbourhood two-bay service stations will have to be closed down because it is no longer economically feasible to operate these stations under present conditions. As a matter of fact a large number of service stations have already been closed.

It appears that the trend for the major oil companies is to construct fewer service stations but larger diagnostic facilities to handle the complex and sophisticated extras in automobiles, such as — automatic transmission, automatic level control, power steering, power brakes, power windows, automatic air-conditioning etc. Therefore, the number of service station outlets will be reduced over the next decade, although the demand for gasoline will be constantly increasing.

Business of the Company

It is the Company's opinion that a need will develop for an inexpensive outlet to provide gasoline only.

The Company therefore proposes to acquire ground leases, and to construct, operate and manage distinctive, small, free-standing gasoline stations (hereinafter called "Gasbars"). "Gasbars" will sell gasoline, oil and "off the shelf" products for motor vehicles, and will not offer any repairs or maintenance service. Due to its specialization (gasoline and oil only), a "Gasbar" will provide fast and efficient service to the busy motorist.

Each "Gasbar" will generally be open for at least twelve hours a day, subject to controlling by-laws. The Company intends to establish groups of "Gasbars" throughout the major metropolitan areas in Canada.

A "Gasbar" is a small, attractive, free-standing building. Each "Gasbar" will have a minimum of two "blend pumps" offering to the consumer a choice of graded gasoline ranging from regular to premium. Each unit will house underground tanks with a minimum capacity of 10,000 Imperial Gallons. The building will be constructed of metal and glass, having an area of approximately 170 square feet and will occupy from 1200 to 2000 square feet of land, or the equivalent of a few parking spaces in a parking lot. The "Gasbar" will be "systems" built in a plant and is easily transportable to the site by truck. It need then only be connected to the island and its services. The Company will lease this land, erect a prefabricated building at a low cost and operate with minimal overhead. It is estimated by the Company that the lease acquisition and construction costs of a "Gasbar" will be less than one-tenth of the land and construction costs of a typical service station. As a result, a "Gasbar" can operate profitably with a much lower gasoline gallonage than the average service station. In addition a service station is permanently fixed in its location and cannot be removed, whereas a "Gasbar" is portable and can be readily transported from one location to another and re-erected within a few days. The Compay therefore expects that the trend toward the "Gasbar" concept of providing only gasoline and oil, and a fast "in and out" service will become increasingly popular.

BP Development Agreement

The Company has entered into a development agreement dated October 23, 1970 with BP Oil Limited (referred to in this prospectus as "BP") providing for the establishment by the Company of "Gasbars" in the Provinces of Ontario and Quebec. The agreement will run for a period of five years and during that period BP has a right of first refusal to supply gasoline and petroleum products to any "Gasbar" proposed to be established by the Company. Upon BP's approval of such location, the Company and BP will enter into cross leases on the location, the effect of which will be to give to BP security of tenure in the location in return for which BP will pay a rental to the Company. In addition to the cross leases in respect of each such location, the Company will also enter into a sales and equipment loan agreement with BP under which BP will provide for each "Gasbar" location certain equipment including as a minimum two blend pumps, facia signs to be affixed to the "Gasbar" itself and a pole sign. This equipment will remain the property of BP at all times. Each "Gasbar" will carry two identifications, that of BP and that of Minidyne. BP will also lend to the Company upon the opening of each "Gasbar" the sum of $3,000 without interest to be repaid at the rate of one and one-half cents per gallon for each gallon of gasoline purchased by the Company and the loan will be secured by a Chattel Mortgage on the Company's "Gasbar". BP will assist the Company in forecasting gasoline sales, merchandising programmes and other matters generally intended to promote the sale of BP products by the Company.

All BP Oil Limited, BP Oil Corporation, Diners Club, American Express, Husky Oil Ltd., Irving Oil Limited, Union Oil Co. of California and Citgo Credit Cards will be honored at all Minidyne BP "Gasbars".

OPERATIONS

Property

The Company will own and operate its "Gasbars". The real estate upon which the "Gasbar" will be erected will be leased generally for a term of ten years, with renewal options. Negotiations are presently in progress with national food and department store chains, shopping centre owners, parking lot operators and other land owners for securing ground leases for the erection of "Gasbars". The reception on the part of these various lessors has been favourable and the Company expects to finalize a number of leases shortly after the completion of the sale of the shares offered hereunder.

The "Gasbar" lease is attractive to the land owner because:

(1) there is no capital investment by him,

(2) the "Gasbar" requires a small amount of space,

(3) some lessors will receive revenues from property which currently is not revenue-producing,

(4) a "Gasbar" can be easily erected or dismantled to suit the requirements of the Company or the lessor.

Site Selection

Experience of retail chains has shown that effective site selection is one of the most critical elements of a high growth, free-standing retail venture. Accordingly, the Company has developed a comprehensive site selection program. The Company evaluates all potential market areas in terms of traffic flow analysis, economic and population factors. Aerial and ground photographs are sometimes used in the evaluation of selected market areas. After selecting specific sites, arrangements are made to secure ground leases. The Company will not enter into a lease agreement for a "Gasbar" location until all of the data that has been compiled with respect to the location under consideration has been reviewed by the Company's management.

After management approval of the site for the installation of a "Gasbar", the Company will secure the required permits from municipal authorities.

In addition, BP will provide assistance in estimating the potential gasoline gallonage for each site selected.

Organization

"Gasbars" will be open at least twelve hours a day, subject to controlling by-laws. The Company will develop specific operational regions within major market areas that can be supervised effectively by District and Regional Managers. Each district and regional manager will be trained in the following:

(1) lease/permit acquisitions as they relate to the corporate policy

(2) operational procedures, and

(3) hiring, training and supervisory techniques.

All "Gasbars" will be similar in structure, size and style. One employee will staff each "Gasbar", with a possibility of two employees required for peak hours.

All advertising, accounting, administration, supervision and purchasing will be handled by management, thereby keeping operating costs at a minimum.

The Company is planning to erect at least five "Gasbars" per month commencing within six months after completion of this financing and eventually expects to have a chain of "Gasbars" across Canada.

The Company is also investigating the discount "Self-Service" concept in gasoline stations and the possibility of utilizing automatic pumps on a twenty four hour basis, without an attendant.

CAPITALIZATION

Designation of Security	Authorized	Outstanding as of October 23, 1970, the date of the accompanying balance sheet	Outstanding as of October 30, 1970	To be Outstanding if all the shares offered hereunder are sold
Shares without par value	1,000,000	320,005 ($12,595)	320,005 ($12,595)	520,005 ($462,595)
Warrants	140,000	140,000	140,000	140,000
Loans Payable (unsecured)	$10,000	$10,000	$10,000	Nil

DESCRIPTION OF SHARES

The authorized capital of the Company consists only of shares without par value. Each shareholder is entitled to one vote for each share held and to share rateably in any dividends or other distribution to shareholders. The Company has not paid or declared any dividends since its incorporation. All shares presently outstanding and the shares offered hereby when issued, are and will be fully paid and non-assessable.

William L. Seigel, Kenneth Le Doux, Ian Blair and Relay Investments Limited have agreed that for a period of three years they will vote their shares together on all matters coming before the shareholders of the Company.

DESCRIPTION OF WARRANTS

The Company has authorized and issued 140,000 share purchase warrants, each of which entitles the holder thereof to purchase one share at the price of $2.50 per share on or before October 31, 1975. The warrant holders will be entitled to an appropriate adjustment in the price, number or kind of shares issuable pursuant to their exercise in the event of a consolidation, subdivision or reclassification of the outstanding capital of the Company. A portion of the 40,000 warrants which have been issued to Malone Lynch Securities Limited are subject to cancellation, depending upon the number of shares of the Company subscribed for under the offering hereby made. Reference is made to the heading "Plan of Distribution" immediately below.

PLAN OF DISTRIBUTION

By an Agreement dated October 27, 1970 the Company appointed Malone Lynch Securities Limited, 7 King Street East, Toronto, Ontario (the "Agent"), its Agent to offer for sale to the public in the Province of Ontario 200,000 shares without par value in its capital at the price of $2.50 per share and agreed to pay a commission to the Agent of twenty-five cents for each share sold, provided a minimum of $300,000 is received upon subscriptions for shares. The offering will commence on a day to be selected by the Agent within five business days of the date of issuance by the Ontario Securities Commission of its Official Receipt for the prospectus which qualifies the said shares for public distribution. The Agent may appoint sub-agents who may offer the shares at the same price and on the same terms. Pursuant to the said agreement of October 27, 1970, National Trust Company Limited, the Registrar and Transfer Agent of the Company has agreed to act as Trustee for the Company and for subscribers. All monies received from subscriptions for shares offered under the prospectus will be held in trust by the Trustee and paid over to the Company only if and when a total of $300,000 has been received from subscriptions. If the said amount has not been subscribed within 60 days from the commencement of the offering, all funds will be returned to subscribers, without deduction of any kind and without interest. If $300,000 has been subscribed within the aforesaid time limit, the Trustee will pay the funds from subscriptions to the Company and to the Agent and approved sub-agents, to the extent that the said commissions have been earned, at the direction of the Company and the offering will continue for a maximum of sixty days from the commencement of primary distribution to the public. The Company has also issued to Malone Lynch Securities Limited 40,000 share purchase warrants as described herein under the heading "Description of Warrants", which warrants were issued at the price of one-tenth of one cent per warrant. The said issue of warrants was an incentive in connection with the public offering of shares, and the Agent has agreed to surrender to the Company for cancellation, following the public offering, one warrant for each five shares of the offering not subscribed for. The 40,000 share purchase warrants held by Malone Lynch Securities Limited, or the portion thereof not affected by the said arrangements for cancellation, will be offered in primary distribution under this prospectus at the market from time to time for such warrants. The proceeds from sales of warrants will not accrue to the treasury, although the exercise price of $2.50 per share will be received by the Company upon the exercise of such warrants. As an additional incentive in connection with the public offering of shares, two shareholders of the Company, namely Ian Blair and Kenneth Le Doux, have agreed to transfer equally to Malone Lynch Securities Limited an aggregate of one share of the Company for each five shares offered under this prospectus which are actually subscribed and paid for, so that a maximum of 40,000 shares will be so transferred. The said shares will then be placed in escrow on the terms and conditions described herein under the heading "Escrowed Shares".

USE OF PROCEEDS

The estimated net proceeds to be received by the Company from the sale of the 200,000 shares offered hereby, after payment of the expenses of the issue estimated at $20,000, will be $430,000, assuming that all shares offered hereunder are subscribed for. The Directors estimate that the minimum amount which must be subscribed for in order to provide the Company with sufficient funds to carry out its minimum objective is $300,000, which will require the sale of 120,000 shares. The funds raised will be used by the Company to the extent of approximately $170,000 in the acquisition of ground leases and erection of "Gasbars", with the balance of from $80,000 to $260,000, depending upon the total subscriptions received, to be used for working capital.

MANAGEMENT

Management of the Company, within the policies determined by the Board of Directors, is under the direction of William L. Seigel, C.A., who will function as Chief Executive Officer, and Kenneth Le Doux and Ian Blair, who will supervise site acquisition, construction and all field operations generally.

DIRECTORS AND OFFICERS

The names and home addresses of all the directors and officers of the Company, the positions in the Company held by each of them, and a brief designation of their present occupations, are shown in the chart which follows. Below the chart are set out further particulars as to the background and occupations of such persons covering the last five years.

Position	Name and Address	Principal Occupation
President and Director	William Leonard Seigel, C.A. 120 Shelborne Avenue, Toronto, Ontario.	President, Minidyne International Limited
Executive Vice-President, Treasurer and Director	Kenneth Le Doux 55 Wynford Heights Cres., Don Mills, Ontario.	Executive with Minidyne International Limited
Vice-President and Director	Ian Robert Martin Blair 55 Brownlow Road, Suite 1109, Toronto, Ontario.	Executive with Minidyne International Limited
Director	Edwin Thomas Lynch 341 Riverview Drive, Toronto, Ontario.	Chairman of the Board, Malone Lynch Securities Limited
Director	Colin William Webster 867 Bloor Street East, Toronto, Ontario.	Executive
Secretary	Harry Shlesinger 41 Elderwood Drive, Toronto, Ontario.	Professional Corporate Secretary

William L. Seigel is a Chartered Accountant and for the past two years was senior partner in the firm of William L. Seigel & Company. Prior to that time he was Vice-President, Finance and Administration, of Levy Industries Limited.

Kenneth Le Doux is a specialist in lease acquisitions and administration. From June, 1968 to July, 1970 he was employed by Fotomat Corporation, working for the parent organization as Director for Oregon and Washington until June 1969, and for the Canadian subsidiary, Fotomat Canada Limited as regional director — Canada from June 1969 to July, 1970. Prior to that time he was a sales executive with General Electric Company, Seattle, Washington.

Ian Blair was Area Director — Toronto, with Fotomat Canada Limited for one year. Prior to that time he was General Manager with Unico Home Loans, Colony Realty Limited, Victoria, and Assistant General Manager, Mantles Organization, England.

Edwin Thomas Lynch has been Chairman of the Board of Malone Lynch Securities Limited since August 1, 1970, the date of that firm's commencement of business. Prior to such date, he was President and Chairman of E. T. Lynch and Company Limited for many years.

C. William Webster has been the Vice-President of Dascon Investments Limited for the past two years and has also been the President of Relay Investments Limited for the past nine months. Prior to that time he was a student at Bishops University, Lennoxville, Quebec.

Harry Shlesinger is President of Shlesinger Corporate Services Limited and has carried on business in the City of Toronto as a professional corporate secretary, providing head office, accounting and administrative services to a number of companies.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Edwin T. Lynch, a Director of the Company, has an interest in the Agency and Trust Agreement dated October 27, 1970 and in the associated bonus arrangement fully described herein under the heading "Plan of Distribution" in that he is Chairman of the Board of Malone Lynch Securities Limited. William L. Seigel, Kenneth Le Doux and Ian Blair, the principal officers and directors of the Company have a material interest as employees in the employment contracts, particulars of which are given under the heading "Material Contracts".

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

To date the Company has paid remuneration of $8,067 to its officers or directors. The aggregate remuneration intended to be paid to the senior officers and directors of the Company, who will be employees, amounts to $50,000 for the first 12 month period, commencing from the completion of primary distribution, particulars of which are given herein under the heading "Material Contracts". The Directors of the Company have authorized a bonus plan whereby ten per cent of the earnings of the Company, before taxes, will be set aside and paid to full time employees of the Company as an incentive bonus. The only employees now eligible are the President, Executive Vice-President and the Vice-President. It is expected, however, that other senior employees will become eligible from time to time to share in the bonus plan, and the allocation of bonuses from the said proportion of pre-tax earnings, will be in the discretion of the Board of Directors.

PRINCIPAL SHAREHOLDERS

The following table lists each shareholder who owns more than 10% of the issued shares of the Companv as of the date hereof.

Name and Address	Type of Ownership	Number of Shares Owned	Percentage (1)
William L. Seigel 120 Shelborne Avenue, Toronto, Ontario.	Beneficial and of Record	55,000 shares	17.2%
Kenneth Le Doux 55 Wynford Heights Cres., Don Mills, Ontario.	Beneficial and of Record	70,000 shares	21.9%
Ian Blair 55 Brownlow Road, Suite 1109, Toronto, Ontario.	Beneficial and of Record	70,000 shares	21.9%
Relay Investments Limited 500 University Avenue, Toronto, Ontario.	Beneficial and of Record	61,000 shares	19.1%

(1) The percentages given are calculated on the basis of 320,005 shares issued as of the date hereof.

As of the date hereof, the directors and senior officers of the Company as a group own directly or indirectly of record or beneficially 81.6% of the outstanding shares of the Company and 69% of the outstanding warrants. The beneficial shareholder of Relay Investments Limited is Colin William Webster. A portion of the shares set out above held by Kenneth Le Doux and Ian Blair, are subject to an agreement whereby they may be transferred to Malone Lynch Securities Limited pursuant to an arrangement described herein under the heading "Plan of Distribution".

PROMOTERS

The promoters of the Company are William L. Seigel, Kenneth Le Doux and Ian Blair, who took the initiative in founding the business of the Company.

MATERIAL CONTRACTS

The material contracts entered into since inception other than contracts in the ordinary course of business are as follows:

1. Agreements dated July 27, 1970 between the Company and William L. Seigel, Kenneth Le Doux and Ian Blair providing for their full time employment as Chief Executive Officer, Executive Vice-President and Vice-President respectively for a period of five years. The contracts provide for the Company's protection from competition during employment and for three years thereafter.
2. Escrow Agreement dated October 29, 1970 providing for the deposit into escrow of 320,000 issued shares of the Company to be held on the conditions of escrow described herein under the heading "Escrowed Shares".
3. Voting agreement dated August 27, 1970 between William L. Seigel, Kenneth Le Doux, Ian Blair and Relay Investments Limited, referred to herein under the heading "Description of Shares".

4. Lease of the premises municipally known as 81 Grenville Street between Malloney's Studio Limited as landlord and a trustee for the Company as tenant at a rental of $205.00 per month.

5. Agency and Trust Agreement fully described herein under the heading "Plan of Distribution".

6. BP Development Agreement fully described herein under the heading "BP Development Agreement".

Copies of the foregoing contracts may be inspected at the head office of the Company during the course of primary distribution during business hours.

ESCROWED SHARES

Out of 320,005 shares in the capital stock of the Company issued and outstanding as of the date hereof, 320,000 shares will, subject to the successful completion of the treasury offering to be made under this Prospectus, be placed in escrow and held by National Trust Company Limited, the Registrar and Transfer Agent of the Company. The said shares will be held subject to pro rata release and subject to transfer, hypothecation or other alienation within the escrow only on the prior written consent of the Ontario Securities Commission.

Designation of Class	Number of Shares in Escrow	Percentage of Class before Offering	Percentage of Class after Offering
Common	320,000	100%	61.5%

The percentages above ignore the five qualifying shares held by directors, and the figure for "Percentage of Class after Offering" is based upon the sale of all shares offered herein. If only the minimum number of subscriptions are received the approximate percentage would be 72.7%.

PRIOR SALES

From the date of inception to the date hereof, five shares have been allotted and issued by the Company at $1.00 per share; 61,000 shares allotted and issued for $10,000, or approximately 16.4¢ per share and 259,000 shares allotted and issued at 1¢ per share.

AUDITORS

The auditors of the Company are Laventhol Krekstein Horwath & Horwath, Chartered Accountants, 160 Bloor Street East, Toronto, Ontario.

TRANSFER AGENT AND REGISTRAR

The Company's Transfer Agent and Registrar is National Trust Company Limited, 7 King Street East, Toronto, Ontario.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

The Securities Act, 1966 (Ontario) provides, in effect, that where a security is offered to the public in the course of primary distribution:

(a) a purchaser will not be bound by a contract for the purchase of such security if written or telegraphic notice of his intention not to be bound is received by the vendor or his agent not later than midnight on the second business day after the prospectus or amended prospectus offering such security is received or is deemed to be received by him or his agent, and

(b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after the expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Reference is made to Sections 63 and 64 of The Securities Act, 1966 (Ontario) for the complete text of the provisions under which the above-mentioned rights are conferred.

MINIDYNE INTERNATIONAL LIMITED

BALANCE SHEET AND PRO FORMA BALANCE SHEET

OCTOBER 23, 1970

ASSETS

	Balance Sheet	Pro Forma Balance Sheet (Note 1)
Current:		
Cash	$ 6,387	$ 77,497
Pre-opening Expenses	15,238	15,238
	21,625	92,735
Cash allocated for acquisition of ground leases and erection of "Gasbars"	—	170,000
	21,625	262,735
Other:		
Organization and expenses of issue (estimated)	1,110	20,000
	$ 22,735	$282,735

LIABILITIES

	Balance Sheet	Pro Forma Balance Sheet (Note 1)
Current:		
10% loans payable from shareholders, due January 31, 1971	$ 10,000	—
Total liabilities	10,000	—

SHAREHOLDERS' EQUITY

	Balance Sheet	Pro Forma Balance Sheet (Note 1)
Capital		
Authorized:		
1,000,000 shares without par value		
Issued or to be issued:		
320,005 shares for cash	$ 12,595	$ 12,595
120,000 shares for cash	—	270,000
440,005 shares	12,595	282,595
Contributed surplus arising from the issuance of 140,000 warrants for cash (Note 2)	140	140
	12,735	282,735
	$ 22,735	$282,735

Approved on behalf of the Board of Directors

"W. L. SEIGEL" (Director)

"KENNETH Le DOUX" (Director)

See Accompanying Notes

AUDITORS' REPORT

To the Directors of
Minidyne International Limited

We have examined the balance sheet and pro forma balance sheet of Minidyne International Limited as at October 23, 1970. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion:

(a) The accompanying balance sheet presents fairly the financial position of the Company as at October 23, 1970;

(b) The accompanying pro forma balance sheet presents fairly the financial position of the Company as at October 23, 1970 after giving effect to the transactions set out in Note 1.

all in accordance with generally accepted accounting principles.

Toronto, Canada.
• 1970

•
Chartered Accountants.

MINIDYNE INTERNATIONAL LIMITED

NOTES TO BALANCE SHEET AND PRO FORMA BALANCE SHEET

OCTOBER 23, 1970

1. **Pro Forma Balance Sheet:**

The pro forma balance sheet gives effect to the following transactions as if they had occurred October 23, 1970.

(a) The issue and sale of 120,000 shares to net the Company $270,000 pursuant to an agency agreement dated October 27, 1970. If all of these shares are not fully subscribed for within 60 days from the commencement of the offering, all monies will be returned to subscribers.

(b) The payment of expenses of issue estimated at $20,000.

(c) The repayment of loans payable from shareholders, payable on demand in the amount of $10,000.

The agency agreement referred to above provides for the Agent to offer for sale to the public a maximum of 200,000 shares without par value (including the aforementioned 120,000) to net the Company $2.25 per share. The pro forma balance sheet gives effect only to the sale of the minimum amount of shares required by the agency agreement. This is in accordance with generally accepted accounting principles.

2. **Warrants:**

The Company has authorized and issued 140,000 share purchase warrants, each of which entitles the holder thereof to purchase one share at the price of $2.50 per share on or before October 31, 1975.

40,000 of the above warrants were issued to the Agent subject to an agreement that the Agent will surrender to the Company for cancellation, following the public offering, one warrant for each five shares of the offering not subscribed for.

3. **Remuneration of Directors and Senior Officers:**

The aggregate direct remuneration paid or payable by the Company to the directors and senior officers of the Company for the period from incorporation (July 16, 1970) to October 23, 1970 is $8,067. This amount is included in pre-opening expenses.

4. **Employment Contracts:**

The President, Executive Vice-President and Vice-President are employed under agreements dated July 27, 1970, for a period of five years. These agreements provide for an aggregate remuneration to the aforementioned Executives of approximately $50,000 during the first year, with remuneration to be at the discretion of the Directors thereafter. These agreements come into effect on the date upon which the Company shall receive from a Trustee the proceeds from a public offering of shares of the Company. The Directors of the Company have authorized a bonus plan whereby ten percent of the earnings of the Company, before taxes, will be set aside and paid to full time employees of the Company as an incentive bonus and the allocation of bonus from the said proportion of pre-tax earnings, will be in the discretion of the Board of Directors.

DATED the • day of • , 1970.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part VII of The Securities Act, 1966, (Ontario) and the regulations thereunder.

"W. L. SEIGEL" Chief Executive Officer	"KENNETH Le DOUX" Chief Financial Officer

On behalf of the Board

"IAN R. M. BLAIR" Director	"C. WILLIAM WEBSTER" Director

PROMOTERS:

"W. L. SEIGEL"	"KENNETH Le DOUX"

"IAN R. M. BLAIR"

CERTIFICATE OF AGENT

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part VII of The Securities Act, 1966, (Ontario) and the regulations thereunder.

MALONE LYNCH SECURITIES LIMITED
Per: "T. T. MALONE"

The following are the names of all persons having any interest direct or indirect to the extent of not less than 5% in the capital of Malone Lynch Securities Limited:

Edwin T. Lynch, John M. Ryan, Michael P. Roche, Terence T. Malone, Donald M. Lyons, Harry Batty, Judson T. Kennedy.